

The fourth amendment would exempt a manufacturer from a finding of unlawful conduct for its failure to comply with a fuel economy standard if it has earned sufficient credits in the three years prior to the year of the penalty to completely offset such penalty. The section would also provide relief from a finding of unlawful conduct to a manufacturer that has not earned sufficient credits before the year of penalty, on the condition that the manufacturer submits a plan showing that it will earn sufficient credits during the following three years to offset the penalties. If the manufacturer, despite its plan, has a net penalty at the end of the three-year carry-back period, it would be considered to have acted unlawfully. The amendment would thus continue the statute's emphasis on compliance.

C. Evaluation of Federal Fuel Economy Standards

The National Highway Traffic Safety Administration has initiated a comprehensive program to evaluate the effectiveness of the automobile fuel economy standards. The program involves the collection and analysis of (1) "on-the-road", (or consumer experienced) fuel economy data, and (2) consumer costs of the standards. The analysis will include:

(1) Estimates of total fuel savings for both individual model years and the aggregate for all vehicles produced under the standards,

(2) a comparison of the total benefits in fuel conserved with the total consumer costs of implementing the standards.

(3) an analysis of how a vehicle's fuel economy changes over time and,

(4) comparison of on-the-road fuel economy with the fuel economy measured by the EPA procedure.

The evaluation program began in the Summer of 1979 with a pretest which demonstrated the feasibility of collecting reliable data using a log, or diary technique. The full-scale survey is scheduled to commence in early 1980 and will involve a national probability sample of approximately 40,000 vehicles, covering model year 1977, 1978, and 1979 passenger cars and model year 1978 and 1979 light trucks. In addition to broad geographical coverage, the sample will be allocated to account for seasonal effects on fuel economy, and will cover most make-model combinations for both domestic and import vehicles. Survey results are scheduled to be available on a quarterly basis, with initial tabulations in August 1980. This will be the first nationally representative, statistically reliable survey of the differences

between actual, in-use fuel economy and the counterpart EPA values.

The Department of Energy conducted a study¹ of the divergence between EPA and on-the-road fuel economy using primarily 1974-1978 commercial fleet data. These data, while the only source available, may not be representative of on-the-road consumer experience. The Department of Transportation survey will provide valid data to permit comparisons of a CAFE-basis as well as a more detailed make-model level for most vehicle classifications.

D. Compliance Activities

The law requires new car dealers to display the *Gas Mileage Guides* prominently in their showrooms and to keep adequate stock on hand to meet the public demand. During 1979, twenty-one new car dealers have been fined for violating the Section of Federal law requiring them to display and stock *Gas Mileage Guides*. Civil penalties of \$500 were assessed against each dealer by the National Highway Traffic Safety Administration. NHTSA plans to intensify this enforcement effort in 1980.

The agency is soliciting, with favorable results, assistance of vehicle manufacturers in developing an educational program for their franchised dealers. The program will promote better understanding by dealers of their obligations to properly display and make available *Gas Mileage Guides*.

E. Federal Acquisition Program

Section 510 of Title V requires that all passenger automobiles acquired by all executive agencies achieve a fleet average fuel economy of at least the average fuel economy standard applicable to automobile manufacturers. This section defines acquisitions as those vehicles purchased or leased for a period of 60 continuous days or more. In July 1977, these requirements were extended to include light trucks, effective 1978. As mandated by Executive Order, the fleet average fuel economy for all passenger automobiles federally acquired must exceed the statutory fuel economy standard by 2 mpg in FY 1978, 3 mpg in FY 1979, and 4 mpg in FY's 1980-85. The Executive Order further requires that no automobile may be acquired if the mpg rating is below the standard for that particular year.

During Fiscal Year 1978, agencies acquired 15,294 vehicles, attaining a fleet average fuel economy of 21.0 miles per gallon (mpg), three mpg higher than

the applicable standard for that year. This will result in a gasoline savings of 16.28 million gallons over the assumed useful life of 60,000 miles for vehicles in the GSA fleet.

Through September 30, 1979, agencies have acquired 17,072 passenger vehicles which have attained a fleet average fuel economy of 22.4 MPG. This will result in a total savings of 20.87 million gallons of gasoline over the expected life. During FY 1979, agencies also acquired 595 4x4 light trucks with an average fuel economy of 17.9 mpg, and 3,022 4x2 light trucks with an average fuel economy of 19.6 mpg.

Additional savings are expected in Fiscal Year 1980 as the fleet average fuel economy objective for the Federal fleet increases to 24 MPG, the fuel economy standard rises to 20 MPG, and the program is extended to include light trucks up to 8,500 pounds Gross Vehicle Weight Rating (GVWR).

F. The Gas Guzzler Tax

The gas guzzler tax is an excise tax levied on new passenger automobiles which do not meet specific fuel economy standards. The tax becomes effective commencing with 1980 model years cars. In any one year, the amount of the tax increases as the fuel economy level of the automobile decreases. The magnitude of the tax on each fuel economy level¹ also increases each year. For example, the gas guzzler tax schedules for 1980 and 1986 are as follows:

| At least: | The tax is |
|--------------------------|------------|
| 15..... | 0 |
| 14 but less than 15..... | \$200 |
| 13 but less than 14..... | 300 |
| Less than 13..... | 550 |

The tax schedule for 1986 or later model year automobiles is as follows:

If the fuel economy of the model type in which the automobile falls is:

| At least: | The tax is |
|------------------------------|------------|
| 22.5..... | 0 |
| 21.5 but less than 22.5..... | \$500 |
| 20.5 but less than 21.5..... | 650 |
| 19.5 but less than 20.5..... | 850 |
| 18.5 but less than 19.5..... | 1,050 |
| 17.5 but less than 18.5..... | 1,300 |
| 16.5 but less than 17.5..... | 1,500 |
| 15.5 but less than 16.5..... | 1,850 |
| 14.5 but less than 15.5..... | 2,250 |
| 13.5 but less than 14.5..... | 2,700 |
| 12.5 but less than 13.5..... | 3,200 |
| Less than 12.5..... | 3,500 |

¹ These fuel economy levels are based on a combination of city and highway mileage ratings and should not be confused with EPA city mileage ratings appearing on new vehicle window stickers.